



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

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SOUTHWESTERN BELL PROPOSED TARIFFS TO TAKE EFFECT MAY 6

Jefferson City (May 1, 2002)---Tariffs which will adjust a number of rates for various telephone services for Southwestern Bell Telephone Company will go into effect, as filed by the state's largest telephone company, on May 6, 2002.

Under tariffs filed by Southwestern Bell, rates will increase for a number of services including various operator services, toll services and certain non-basic or vertical services such as Call Waiting, Call Forwarding and Caller ID. Southwestern Bell Telephone Company is also proposing to decrease rates for certain residential directory listings and other miscellaneous services. **The basic monthly telephone rates for one-party residential and business customers of Southwestern Bell Telephone Company will not change under this filing.**

Non-basic telephone rates for approximately 120 services will increase by up to 8 percent under Southwestern Bell's filing which is in accordance with legislation passed by the Missouri General Assembly in 1996. That legislation granted more pricing flexibility to competitive telephone companies while ensuring that customers pay reasonable charges for their services (**called price cap regulation**). Under state law, telephone rate changes must be filed with the Missouri Public Service Commission. The Commission then ensures that those changes comply with the law.

The Commission, in an order issued in December 2001, determined that other services such as operator services and toll rates are competitive offerings and as such Southwestern Bell Telephone Company should have the ability to adjust those rates, if they choose to do so, on 10 days notice to the Commission and affected customers. As with other telecommunications providers offering competitive services, the marketplace will determine the price.

Under Southwestern Bell's filing, various operator services will increase by between 7 percent and 13 percent depending on the type of service. In addition, Southwestern Bell Telephone Company's toll rates will change. As part of its filing, Southwestern Bell will change the way it charges for those calls. Previously, long distance calls were also mileage sensitive. Under this filing, Southwestern Bell will eliminate the mileage component of charging for long distance calls by instituting a flat per-call rate irrespective of mileage considerations. Under flat rate pricing, some calls will be priced higher and some calls will be priced lower compared to the current distance sensitive pricing method. As a result, some customers might actually see their long distance bill drop.

Southwestern Bell serves approximately 2.7 million access lines in Missouri.